

**SHELBY COUNTY BOARD OF COMMISSIONERS  
AGENDA ROUTE SHEET**

Referred to Commission Committee #7 Economic Development & Tourism

For Commission Action on February 23, 2009

DESCRIPTION OF ITEM: A RESOLUTION BY THE BOARD OF COMMISSIONERS OF SHELBY COUNTY, TENNESSEE APPROVING POLICY AND PROGRAM CHANGES TO THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS AND COUNTY OF SHELBY PAYMENT-IN-LIEU-OF-TAX (PILOT) PROGRAM AND AUTHORIZING ANY NECESSARY AMENDMENTS TO ITS CORPORATE CHARTER. SPONSORED BY COMMISSIONER JAMES HARVEY.

**CHECK ALL THAT APPLY BELOW:**

X This Action does NOT require expenditure of funds.

\_\_\_\_\_ This Item requires/approves expenditure of funds as follows (complete all that apply):

County General Funds: \$ \_\_\_\_\_ ; County CIP Funds- \$ \_\_\_\_\_

State Grant Funds: \$ \_\_\_\_\_ ; State Gas Tax Funds: \$ \_\_\_\_\_

Federal Grant Funds: \$ \_\_\_\_\_

Other funds (Specify source and amount): \$ \_\_\_\_\_

Other pass-thru funds (Specify source and amount): \$ \_\_\_\_\_

**Originating Department:** Division of Planning and Development

**APPROVAL:**

|                     |                             |                 |            |                     |
|---------------------|-----------------------------|-----------------|------------|---------------------|
| Dept. Head:         | <u>Charles Gulotta</u>      | <u>576-7167</u> | <u>CG</u>  | <u>Feb 10, 2009</u> |
|                     | (Type your name & phone #.) |                 | (Initials) | (Date)              |
| Elected Official:   | _____                       | _____           | _____      | _____               |
|                     | (Type your name & phone #.) |                 | (Initials) | (Date)              |
| Division Director:  | <u>Richard S. Copeland</u>  | <u>576-7197</u> | <u>RC</u>  | <u>2/10/09</u>      |
|                     | (Type your name & phone #.) |                 | (Initials) | (Date)              |
| CIP – A&F Director: | _____                       | _____           | _____      | _____               |
|                     | (Type your name & phone #.) |                 | (Initials) | (Date)              |
| Finance Dept.       | <u>Mike Swift</u>           | <u>545-4269</u> | <u>MS</u>  | <u>2/11/09</u>      |
|                     | (Type your name & phone #.) |                 | (Initials) | (Date)              |
| County Attorney:    | <u>Christy Kinard</u>       | <u>545-4233</u> | <u>CK</u>  | <u>02-11-09</u>     |
|                     | (Type your name & phone #.) |                 | (Initials) | (Date)              |
| CAO/Mayor:          | <u>James F. Huntzicker</u>  | <u>545-4574</u> | <u>JFH</u> | <u>2/11/09</u>      |
|                     | (Type your name & phone #.) |                 | (Initials) | (Date)              |

Item # \_\_\_\_\_

Prepared by: Charles Gulotta  
Office of Economic Development

Approved by: Mark Beutelchies *CK*  
Assistant County Attorney

**RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS OF SHELBY COUNTY, TENNESSEE APPROVING POLICY AND PROGRAM CHANGES TO THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS AND THE COUNTY OF SHELBY'S PAYMENT-IN-LIEU-OF-TAX (PILOT) PROGRAM AND AUTHORIZING ANY NECESSARY AMENDMENTS TO ITS CORPORATE CHARTER AND OTHER DOCUMENTS. SPONSORED BY COMMISSIONER JAMES HARVEY.**

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**WHEREAS,** In 1987, the Board of County Commissioners of Shelby County, Tennessee, and the Memphis City Council granted the Industrial Development Board of the City of Memphis and County of Shelby authority to provide financial incentives in the form of payment in lieu of ad valorem taxes (PILOT) to attract new businesses and new job opportunities; and

**WHEREAS,** The policies of the Industrial Development Board have been amended over the years to strengthen the program and provide benefits commensurate with the level of investment, the number of jobs, and wages provided by businesses receiving a PILOT and to ensure performance of the commitments in these areas, the most recent amendments having been adopted in 2007 upon the recommendation of the Memphis City Council and the Board of County Commissioners of Shelby County, Tennessee; and

**WHEREAS,** The PILOT program has become the key recruitment tool for Memphis and Shelby County in attracting new jobs and investment, using a nationally recognized benefit versus cost analysis and matrix scoring system to ensure that new jobs recruited to the community generate more revenues than taxes forgiven; and

**WHEREAS,** The Industrial Development Board has managed the PILOT program to benefit the community, with PILOTs approved from 2004 through 2008 projected to generate \$276 million in local economic benefit while costing \$171 million in forgiven taxes according to data compiled by the Memphis and Shelby County Office of Planning and Development; and

**WHEREAS,** Data from the Industrial Development Board's 2007 Annual Reports, compiled by the Memphis and Shelby County Office of Planning and Development, shows that active PILOT projects have created 22,359 new jobs, which is 1,321 more jobs than the 21,038 jobs committed to the IDB; and

**WHEREAS,** Memphis and Shelby County's unique location at the center of the country combined with its unparalleled infrastructure and multimodal transportation capacity makes Memphis and Shelby County an attractive place for business; and

**WHEREAS,** The competition between cities to attract new jobs and industry has grown dramatically over the past decade, both with traditional peer cities and, most notably, with other parts of the Memphis, TN-MS-AR, Metropolitan Area; and

**WHEREAS,** Due to a variety of factors, other parts of the Metropolitan Area have been increasingly successful in attracting business over the past several years as evidenced by faster growth in construction and leasing of warehouse/distribution space in outlying areas surrounding Shelby County; and

**WHEREAS,** A number of PILOT program policies have imposed an unintended burden on businesses making it more costly, and in some cases uneconomical, for them to locate or expand their business in Shelby County or to receive financing, causing said companies to locate their facilities in other communities; and

**WHEREAS,** The Board of County Commissioners of Shelby County, Tennessee, desires to improve the PILOT program and policies by approving the amendments set forth in Exhibit A, attached hereto and incorporated herein by reference, so as to make the community more competitive in attracting jobs and investment while protecting and providing the most cost-effective opportunities for its taxpayers.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF SHELBY COUNTY, TENNESSEE,** That the changes to the PILOT program's policy and program outlined in Exhibit A, attached hereto and incorporated herein by reference, be and are hereby approved and the Industrial Development Board of the City of Memphis and County of Shelby is hereby authorized to immediately take whatever action is necessary to effectuate said changes.

**BE IT FURTHER RESOLVED,** That should the provisions, outlined in Exhibit A conflict with any previous Resolution of the Board of Commissioners of Shelby County, Tennessee, the provisions of this Resolution shall prevail.

**BE IT FURTHER RESOLVED,** That the Industrial Development Board of the City of Memphis and County of Shelby is hereby authorized to amend its Corporate Charter, its Policy Manual, other governing or guidance documents, and its leases and other legal documents as necessary to implement the policy and program changes outlined in Exhibit A.

**BE IT FURTHER RESOLVED,** That, notwithstanding any prior Resolution adopted by the Board of County Commissioners of Shelby County, Tennessee, the Industrial Development Board of the City of Memphis and the County of Shelby is hereby authorized to apply policy and program changes adopted pursuant to this Resolution to PILOTs approved subsequent to April 1, 2007.

**BE IT FURTHER RESOLVED,** That this Resolution shall take effect from and after the date it shall have been enacted according to due process of law, the public welfare requiring it, but the changes to the PILOT program outlined in Exhibit A shall only become effective if the City Council of the City of Memphis, Tennessee adopts a resolution approving same.

\_\_\_\_\_  
A C Wharton, Jr.  
County Mayor

Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Clerk of County Commission

ADOPTED: \_\_\_\_\_